



Questions Log

QECB Webinar – 11/17/2011

- 1. Q: It would be very helpful to go into that in more detail about what types of projects are eligible. For example, could it be used to pay for, or partially pay for, a new building that the city needs, that this would allow/encourage to be built as a "green" building?**

QECBs cannot be used for new construction of public buildings, since a new facility does not decrease energy consumption in a public building by 20% of the baseline. If this project is a “demonstration project designed to promote the commercialization of green building technology,” then it may be eligible under letter D below.

Pursuant to ARRA, 100% of the available project proceeds of QECBs must be used for one of the following qualified conservation purposes:

- A. Capital expenditures incurred for purposes of:
 - a. Reducing energy consumption in publicly owned buildings by at least 20%;
 - b. Implementing community-based green programs (including the use of loans, grants, or other repayment mechanisms to implement such programs);
 - c. Rural development involving the production of electricity from renewable energy sources; or
 - d. Any facility of a type eligible for the production tax credit under IRS Code other than refined coal and Indian coal production facilities. Section 45 of the IRS Code defines qualified energy resources as wind, biomass, geothermal energy, solar energy, small irrigation power, municipal solid waste and certain hydroelectric and hydrokinetic resources.
- B. Expenditures with respect to facilities or grants that support research in the development of cellulosic ethanol or other non-fossil fuels, technologies for the capture and sequestration of carbon dioxide produced through the use of fossil fuels, increasing the efficiency of existing technologies for producing non-fossil fuels, automobile battery technologies and other technologies to reduce fossil fuel consumption in transportation, and technologies to reduce energy use in buildings; or
- C. Mass commuting facilities and related facilities that reduce the consumption of energy, including expenditures to reduce pollution from vehicles used for mass commuting; or
- D. Demonstration projects designed to promote the commercialization of green building technology, conversion of agricultural waste for use in the production of fuel or otherwise, advanced battery manufacturing technologies, technologies to reduce peak use of electricity, and technologies for the capture and sequestration of carbon dioxide emitted from combusting fossil fuels in order to produce electricity; or
- E. Public education campaigns to promote energy efficiency.

- 2. Q: What, if any, federal reporting requirements are attached to QECBs?**



On projects financed with the proceeds of tax-favored bonds specified in ARRA Division, contractors and subcontractors must pay laborers and mechanics employed directly upon the site of the work no less than the locally prevailing wages (including fringe benefits) listed in the Davis-Bacon Act (DBA) wage determination in the contract for the work performed. Contractors and subcontractors on covered projects must pay all laborers and mechanics weekly and submit weekly certified payroll records to the entity receiving an allocation or the contracting entity. Prime contractors should also note that they are responsible for the DBA compliance of their subcontractors.

Additionally, any public project must also comply with the Massachusetts state prevailing wages, and contractors are required to pay the higher of either the state or DB wage.

3. Q: Can QECBs be used for LED streetlight retrofit?

Yes, provided that the project can demonstrate a 20% energy reduction from the previous streetlights.

4. Q: What was the term of the QECBs (Years)

The term limit is set monthly by the U.S. Treasury. As of 11/15/2011, the term limit is 19 years. Term limits are posted here and updated regularly: www.treasurydirect.gov/GA-SL/SLGS/selectQTCDDate.htm

5. Q: I am familiar with usual issuance costs for bonds. What QECB issuance costs are unique and in addition to what we can expect from a regular issue?

The issuance costs are very similar to those of other tax exempt municipal bonds. The only difference is that your bond counsel will need to review the project to make sure that the project is consistent with the qualified energy conservation purposes of this program.

6. Q: Can you review the requirements for applying such as project readiness, timing, etc?

DOER expects to release a Program Opportunity Notice (PON) via www.comm-pass.com in December 2011. A notice of the posting will be circulated via the Green Communities email list serve, which you can enroll at by visiting www.mass.gov/energy/greencommunities and clicking on "Subscribe to Green Communities' Email Updates" at the bottom. Applications will be due in early February of 2012. Priority will be given to projects which demonstrate readiness and feasibility and show evidence that the QECB will be issued within 6 months of the award date.

7. Q: Have QECB's been used for a wind turbine project?



Yes, QECBs were awarded to wind turbine projects that were private projects in Rounds 1 and 2.

8. Q: Is the 20% reduction requirement annual or over the term of the bond

The 20% energy reduction data is on an annual basis from an established energy use baseline.

9. Q: Can QECB's be used for solar or geothermal systems?

Yes, solar and geothermal systems should be eligible for a QECB.

10. Q: FYI, San Diego financed their LED streetlight retrofit with QECBs.

Las Vegas, NV and Richmond, CA also financed streetlight retrofits using QECBs.

11. Q: With concerns to a existing building, can the QECB's be used for energy upgrade and an addition to the building?

QECB can be used to finance energy efficiency measures that specifically reduce energy consumption by 20% of the energy use baseline of that building If that building is publicly-owned.

12. Q: What percent of applications were approved in previous rounds in Mass.?

All awards for QECB are made on a competitive basis and based on multiple factors such as demonstrated feasibility and shovel readiness and the ability to issue a QECB within 6 months. In Round 1, DOER received a total of 9 applications from both private and public projects totaling approximately \$46 million in requests. Awards were made to all of the public and private applicants in round 1 who were eligible for the program, which totaled approximately \$20 million in awards.

In Round 2, DOER received a total of 11 applications from both private and public projects totaling approximately \$42 million in requests. Awards were made to 8 of these 11 projects, which totaled approximately \$15.5 million in awards.

13. Q: Can QECB's be issued for new construction projects in School Districts?

QECBs cannot be used for new construction of public buildings, since a new facility does not decrease energy consumption in a public building by 20% of the baseline.

14. Q: Can a certain percentage of the bond funding be used for non-conservation



elements of a project (i.e. capital improvements)?

There is a limitation that only 2% of the QECB proceeds can be used to pay for bond issuance costs. All other expenses that are financed through a QECB must be directly related to one or more of the qualified conservation purposes listed in the PON and in question #1 of this document.

15. Q: Could they be used to purchase green fleets as part of the Green Communities program?

No, since green fleets are not typically associated with mass transit. QECBs may be used for mass commuting facilities and related facilities that reduce the consumption of energy, including expenditures to reduce pollution from vehicles used for mass commuting.

16. Q: Are projects accepted on a first come, first serve basis in each round or other factors involved such as community "wealth", size, etc?

Projects are evaluated on a competitive basis in response to a Program Opportunity Notice with a deadline for receipt of applications and are awarded based on the following priorities, as well as availability of funds:

- Projects that promote or expand economic opportunities, including job creation
- Projects that meet critical energy needs and/or statewide energy conservation goals
- Projects that demonstrate readiness and feasibility
- Projects that ANF and EOEEA determine will enhance the public good and general welfare of the Commonwealth

17. Q: Is there QECB funds available for private projects on public property?

Not at the present time. Although such projects can be eligible for QECB financing, there is a dollar limit that, at present is fully allocated. QECB funds are available for public projects only. If, for example, if a private developer owned and operated a solar PV system on public land, this project would be defined as a private development project under the QECB program

18. Q: Could they be used for window retrofits if they meet 20%?

Yes. Energy efficiency projects that can demonstrate a 20% energy reduction in public buildings are eligible.

19. Q: Can 6 month approval of QECB be extended if community needs more time?

The recipient of a QECB award may submit a request for a deadline extension to DOER for review and approval. The request should explain the reason for the request and provide an



update to the anticipated timeline for bond issuance. Priority will be given to applications that demonstrate the ability to issue the QECB within the 6 month timeframe.

20. Q: Is there a timeframe for project completion?

Yes. A project must be completed within three years of issuance of the QECB.

21. Q: When is the money available?

DOER anticipates awarding the remaining QECB allocation of \$15.5 within two months of the deadline for applications. We anticipate posting the PON sometime in December, with a deadline for applications sometime in February 2012. After the awards have been announced, the recipients have 6 months to issue the bonds and arrange for a loan with a project investor. The funding will come from the investor when this arrangement is completed.

22. Q: Were past solicitations oversubscribed?

Yes. See question #12 above.

23. Q: Joined late due to having to download the plug-in. Would Waste to Energy projects qualify?

Waste to Energy projects should be eligible for a QECB. However, the project must be a public project, since there is only public allocation available for Round 3.

24. Q: Could these bonds be used to purchase compactors for our recycling center to reduce trips?

No, we do not believe this is consistent with any of the qualified energy conservation purposes discussed in question #1.

25. Q: Can wastewater districts use QECBs?

Yes. Any public entity may issue a QECB for a public project in this round.

26. Q: We have an award under the Green Comm. Program. Do these funds need to be spent prior to being eligible for a QECB?

No, green communities funding does not need to be expended in order to be eligible.

27. Q: Can QECB funds be used to repay short term borrowing for the project?



QECBs can be used for new capital expenditures only. There is an exception if the short-term borrowing is in anticipation of a QECB allocation..

28. Q: What if a project is planned, designed, expected to have 20% energy reduction, funded and then over time found not to meet the 20% reduction? Is there a penalty?

The IRS has the right to audit any QECB project. If they audit and the 20% reduction is not achieved, they have the right to stop the federal subsidy.

29. Q: Can you tell me what the round 2 deadline was, and when the results of round 2 were announced? I'm trying to get a sense of how long the round 3 app process might be.

Round 1 (PON-ENE-2010-24) was released on 5/14/2010 and closed on 6/25/2010. Awards were made by 11/10/2010 for this round.

Round 2 (PON-ENE-2011-009) was released on 3/14/2011 and closed on 4/22/2011. Awards were made by 8/19/2011 for this round.

30. Q: How long does the solicitation process take?

The solicitation will be open for 6-8 weeks. The review process may take up to three months before awards are finalized.

31. Q: Can they be used for water turbines?

Water turbines are eligible for a QECB, subject to a number of specific limitations which would need to be addressed by bond counsel. The project must be a public project, since there is only public allocation available for Round 3.

32. Q: How is the 20% reduction reported and verified and by whom?

The project must be able to demonstrate in the application that it will reduce energy consumption by 20% by providing evidence of the expected energy savings to DOER. This data would likely be found in an energy audit or a guaranteed savings arrangement reached with an energy services company.

33. Q: Some projects are difficult to assess final costs to be bonded. In instances where a project requires us to issue BAN's, is such allowed for this program? If so any impact on the 6 month bond issue deadline?



QECBs can be used for new capital expenditures only. There is an exception if the short-term borrowing is in anticipation of a QECB allocation. This does not affect the 6 month deadline.

34. Q: If a waste to energy project makes fuel to make electricity would that qualify since Mass Moratorium doesn't allow MSW plants to make electricity, but can make fuels - this would be a private or private/public project?

MA DEP Bureau of Waste Prevention, (617)292-5500 , must be consulted regarding any proposed waste-to-energy project to ensure it does not violate the Mass Moratorium.

35. Is the 20% energy reduction requirement for public buildings evaluated on a building-by-building basis, or may a group of buildings be bundled together that equate to an average energy reduction of at least 20%?

A group of buildings can be bundled together into one energy efficiency project that can demonstrate an average reduction of 20% across all buildings.